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2012 Asia Fruit Logistica Show report

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Trade Show Evaluation

Fresh Fruit

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Report Highlights:

On September 5-7, 2012, ATO Guangzhou Director and staff attended the 2012 Asia Fruit Logistica Show in Hong Kong. Over the last three years, the Asia Fruit Logistica show grew from a small trade show with a handful of exhibitors to a major international fruit trade show with a great focus on the Mainland China market. A record 5,700 visitors from 64 nations attended this year's show with a total of 341 exhibitors from 30 countries. This year's newcomer pavilions included Greece, Mexico, and Portugal. In addition to escorting a cadre of traders from south China to the show, ATO Guangzhou worked closely with USDA Cooperators exhibiting to promote U.S. fresh fruit and assisted with arranging matchmaking meetings, sharing market intelligence reports, and delivering market briefings to U.S. exporters and traders on the Mainland China market. The meetings were especially helpful to the ATO Director as this was also an opportunity to discuss openly Mainland China policy issues and market strategies. The report contains a summary of activities undertaken during and after the show.

General Information:

Matchmaking and trade facilitation: With support from the Emerging Market Program's (EMP) Distribution Development Fund, ATO Guangzhou Director and staff attended the show. Many retailers, traders, and key wholesalers from the Guangzhou Jiangnan Fruit Wholesale Market also attended the show. With ATO Guangzhou assistance, they were linked with U.S. exporters and USDA Cooperator representatives. According to these traders, this show has now become an annual professional fruit fair that they cannot afford to pass up. The show serves as a sales platform where they can meet with fruit exporters from all over the world. Mainland China fruit buyers that attended the show mentioned that the Asia Fruit Logistica Show provided them an opportunity to receive an updated market outlook that can support their purchasing decisions in the upcoming season.

China's buying fruit and not just from the United States: In the first nine months of 2012, China's fresh fruit imports from the world was on a steady rise, approximately up 33 percent up from the same period in 2011. The consumption of imported table grapes was up 26 percent, while the value of imported apples decreased 10 percent. However, U.S. table grape imports increased 44 percent, while U.S. apple imports were up 2 percent despite a 19-percent decrease due to the lack of direct shipments to Shanghai and Tianjin as a result of stricter inspection procedures.

Meetings with fruit Cooperators: Post met with most U.S. fruit Cooperators that attended the show to discuss updates, trends, and strategy in the coming promotional season. ATO Guangzhou Director and staff had a meeting with Washington Apple Commission Director and exchanged ideas on the new stricter inspection policies that impact Washington apple trade to Mainland China. Unfortunately, it is not likely these issues will be resolved prior to the Lunar New Year (February 8, 2013) as Beijing is focused on the Communist Party leadership meetings to make any swift changes to market access policies.

Post also met with representatives from the Pear Bureau Northwest and the California Table Grape Growers to discuss the Produce Marketing Association's (PMA) buyers mission meeting arrangements in the States. ATO Guangzhou was planning on taking twelve buyers to the PMA show, but were forced to cancel at the last minute due to funding restraints.

Back to the Future: Just as Shanghai and Tianjin direct U.S. fresh fruit import sales were strengthening, China's quarantine and inspection procedures just became stricter, thus limiting trade. At the Asia Fruit Logistica Show, Post also met with Shanghai traders who mentioned they were reluctant in placing direct order from Washington State due to the lack of sufficient large-sized Red Delicious varieties and the high risk of being caught for shipping Granny Smith and Gala (which had no official Mainland China market access). While there will be no direct U.S. apples shipments to Shanghai in the near future; Guangzhou will continue to play the leading role in transshipping the Washington apples to other regions in China just as they had been doing for over 30 years. However, Tianjin and Shanghai

traders are particularly concerned about the high operation costs for bringing the fruits into the market might price out a portion of their local markets. Additionally, the lack of cold chain refrigeration might compromise the shelf-life, quality, and integrity of the U.S. fresh fruit as it makes its way from Guangzhou in South China up to East and North China markets. Tighter inspection practices are a non-tariff barrier to trade.

Participation in Pagoda's 10-year Anniversary Gala Reception: Immediately after the show in Hong Kong, ATO Guangzhou staff rushed to Shenzhen to attend Pagoda supermarket's 10-year anniversary celebration. A total of 150 fruit companies and representatives from ten different countries attended the event. Pagoda is a pioneer in the specialized fresh fruit convenience retail store sector in China. Pagoda has witnessed tremendous growth during the last decade as a result of their aggressive expansion plans. They pay close attention to quality of imported fruits in their 240 outlets in Guangdong province (mainly located in urban and residential centers in Shenzhen and Guangzhou). Pagoda recently entered into a joint-venture that will include a purchasing office in Canada aiming at making direct fruit purchases from the Americas. The general manager of Pagoda expressed great interest in promoting U.S. fresh fruits and referred to the ATO as their vital partner during the gala reception. Post will work closely with fresh fruit Cooperators to identify new opportunities between them and Pagoda in the coming months and in anticipation of the Chinese Lunar New Year.